

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6413

BILL NUMBER: SB 429

NOTE PREPARED: Jan 31, 2011

BILL AMENDED: Jan 27, 2011

SUBJECT: Type II Gaming.

FIRST AUTHOR: Sen. Head

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill allows Type II gaming retailers to profit from qualified drawings. It includes sales of the tickets in the retailer's gross receipts. It limits the size of a qualified drawing conducted for profit by limiting the amount wagered to \$500 and prohibits awarding cash, alcohol, and tobacco as prizes in qualified drawings conducted for profit. It requires retailers to report the amounts retained. It requires retailers to obtain tickets for qualified drawings from licensed distributors and includes tickets for qualified drawings in the preference for Indiana manufacturers.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Summary:* The Alcohol and Tobacco Commission (ATC) would incur some administrative expenses relating to the revision of forms, instructions, and computer programs to allow retailers to report the amount of qualified drawing profits they retain. The ATC's current level of resources should be sufficient to implement these changes.

Background Information: Current statute requires qualified alcoholic beverage retailers to pay an annual fee for an endorsement to conduct Type II gaming. Revenue from the fee is distributed to the ATC's Enforcement and Administration Fund. Fee revenue distributed to the fund in FY 2010 totaled \$275,400.

Explanation of State Revenues: *Summary:* The bill could potentially increase revenue from Type II gaming fees paid by alcoholic beverage retailers conducting Type II gaming to the extent that profit-generating raffle ticket sales result in additional adjusted gross revenue. The potential increase is indeterminable.

Background Information: The bill allows Type II gaming retailers to conduct raffles in which the retailer earns a profit and does not pay out all amounts wagered as prizes to patrons. Current statute limits raffles by Type II gaming retailers to those in which all the amounts wagered are returned to patrons as prizes. The bill also would include profit from raffles in a retailer's adjusted gross revenue that is the basis for the annual Type II gaming fee. Under current statute, the initial Type II gaming endorsement fee is \$250. However, the annual renewal fee for a Type II gaming endorsement ranges from \$100 to \$1,000, depending on the adjusted gross revenue a retailer derived from Type II gaming in the previous year. Adjusted gross revenue is the gross receipts in the previous year from Type II gaming sales minus the cost of prizes, games, and the fee for the Type II endorsement during the previous year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ATC.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869.